

Decision 06-07-016 July 20, 2006

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of John A. Watts, doing business as Sav-On Shuttle for authority to operate as a passenger stage corporation between points in Los Angeles, Orange, Riverside and San Diego Counties and Los Angeles Airport (LAX), Long Beach (LGB), John Wayne (SNA) and to establish a Zone of Rate Freedom.

Application 06-03-018
(Filed March 13, 2006)

O P I N I O N

Summary

This decision grants the application of John A. Watts (Applicant), an individual, pursuant to Pub. Util. Code § 1031 et seq., for a certificate of public convenience and necessity to operate as a passenger stage corporation (PSC), as defined in Pub. Util. Code § 226, and to establish a zone of rate freedom (ZORF) pursuant to Pub. Util. Code § 454.2.

Discussion

The application, as amended by letter dated June 8, 2006, requests authority to operate as an on-call PSC to transport passengers and their baggage between points in Los Angeles, Orange, and Riverside Counties, on the one hand, and Los Angeles International (LAX), John Wayne (SNA), Long Beach (LGB), and Riverside (RAL) Airports, on the other hand.

Applicant states that passenger traffic between the requested service points is increasing. For example, about 61 million passengers pass through LAX annually, and this number is anticipated to rise to over 72 million in the next 10

years. Passenger traffic at the other airports is expected to follow this upward trend. With this growth comes greater traffic congestion on the highways and at the airports. As a consequence, large numbers of the public are seeking the services of door-to-door van services as an alternative to driving their own automobiles. Applicant desires to offer a service that will meet the public's need for airport transportation service.

Applicant states that he has the experience and knowledge to conduct the proposed PSC service. He already holds a charter-party carrier permit from the Commission (TCP 14265-P), under which he has operated for many years as a subcontractor for two major airport shuttle carriers. Applicant currently has one 9-passenger van and intends to obtain two additional vehicles upon receipt of the requested operating authority. Thereafter he will add vehicles as needed to meet the public's transportation requirements. Attached to the application as Exhibit E is Applicant's unaudited balance sheet dated February 17, 2006, that discloses assets of \$543,000, liabilities of \$12,000, and net worth of \$531,000.

The proposed fares, as listed in Exhibit C of the application, range from \$14 (Downtown Los Angeles - LAX) to several hundred dollars for service to points in eastern Riverside County. Applicant requests authority to establish a ZORF of \$15 above and below the proposed fares. The minimum fare will be \$10. Applicant will compete with other PSCs, taxicabs, charter limousines and sedans, public transit, and private automobiles in his service area. This highly competitive environment should result in Applicant pricing his services at a reasonable level. Many other PSCs have been granted ZORFs. The requested ZORF is generally consistent with the ZORFs held by other PSCs.

Notice of filing of the application appeared in the Commission's Daily Calendar on March 20, 2006. Applicant requests a waiver from the provisions of Rule 21 of the Commission's Rules of Practice and Procedure which require

service of a notice of the application on all city and county officials within whose boundaries the passengers will be loaded or unloaded. He served a notice to the involved counties and airports, 13 cities, and the public transit operators in the service area. Applicant states that all parties that have an interest in Commission proceedings subscribe to or have access to the Commission's Daily Calendar. We shall exercise the discretion accorded to us by Rule 87 and grant the waiver requested by Applicant because he will be providing on-call service, not scheduled service, and service on all cities in the service territory would be burdensome.

In Resolution ALJ 176-3170 dated April 13, 2006, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protest has been received. Given this status, public hearing is not necessary, and it is not necessary to alter the preliminary determinations made in Resolution ALJ 176-3170.

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

Assignment of Proceeding

Richard Clark is the assigned Examiner in this proceeding.

Findings of Fact

1. The application, as amended, requests authority to operate as an on-call PSC to transport passengers and their baggage between points in Los Angeles, Orange, and Riverside Counties, on the one hand, and LAX, SNA, LGB and RAL, on the other hand.
2. Public convenience and necessity requires the proposed service.

3. Applicant requests authority to establish a ZORF of \$15 above and below the proposed fares, as shown in Exhibit C of the application. The minimum fare will be \$10.

4. Applicant will compete with PSCs, taxicabs, charter limousines and sedans, public transit, and private automobiles in his operations. The ZORF is fair and reasonable.

5. Applicant requests a waiver of the notice requirements of Rule 21 of the Rules of Practice and Procedure as he has served notice of the application to the involved airports and counties, 13 cities, and the public transit operators in the service area.

6. No protest to the application has been filed.

7. A public hearing is not necessary.

8. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Conclusions of Law

1. Public convenience and necessity has been demonstrated and the application, as amended, should be granted.

2. The request to waive the notice requirements of Rule 21 should be granted.

3. The request for a ZORF should be granted.

4. Before Applicant changes any fares under the ZORF authorized below, Applicant should give this Commission at least ten days' notice. The tariff should show the high and low ends of the ZORF and the then currently effective fare between each pair of service points.

5. Since the matter is uncontested, the decision should be effective on the date it is signed.

6. Only the amount paid to the State for operative rights may be used in rate fixing. The State may grant any number of rights and may cancel or modify the monopoly feature of these rights at any time.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity (CPCN) is granted to John A. Watts (Applicant), an individual, authorizing him to operate as a passenger stage corporation (PSC), as defined in Pub. Util. Code § 226, to transport passengers and their baggage between the points and over the routes set forth in Appendix PSC-14265, subject to the conditions contained in the following paragraphs.

2. Applicant shall:

- a. File a written acceptance of this certificate within 30 days after this order is effective.
- b. Establish the authorized service and file tariffs and timetables within 120 days after this order is effective.
- c. File tariffs on or after the effective date of this order. They shall become effective ten days or more after the effective date of this order, provided that the Commission and the public are given not less than ten days' notice.
- d. Comply with General Orders Series 101 and 158, and the California Highway Patrol (CHP) safety rules.
- e. Comply with the controlled substance and alcohol testing certification program pursuant to Pub. Util. Code § 1032.1 and General Order Series 158.
- f. Remit to the Commission the Transportation Reimbursement Fee required by Pub. Util. Code § 423 when notified by mail to do so.

- g. Comply with Pub. Util. Code §§ 460.7 and 1043, relating to the Workers' Compensation laws of this state.
 - h. Enroll all drivers in the pull notice system as required by Section 1808.1 of the Vehicle Code.
3. Applicant is authorized under Pub. Util. Code § 454.2 to establish a zone of rate freedom (ZORF) of \$15 above and below the proposed fares, as shown in Exhibit C of the application. The minimum fare will be \$10.
4. Applicant shall file a ZORF tariff in accordance with the application on not less than ten days' notice to the Commission and to the public. The ZORF shall expire unless exercised within 120 days after the effective date of this order.
5. Applicant may make changes within the ZORF by filing amended tariffs on not less than ten days' notice to the Commission and to the public. The tariff shall include the authorized maximum and minimum fares and the fare to be charged between each pair of service points.
6. In addition to posting and filing tariffs, Applicant shall post notices explaining fare changes in his terminals and passenger-carrying vehicles. Such notices shall be posted at least ten days before the effective date of the fare changes and shall remain posted for at least 30 days.
7. Applicant is authorized to begin operations on the date that the Consumer Protection and Safety Division mails a notice to Applicant that his evidence of insurance and other documents required by Ordering Paragraph 2 have been filed with the Commission and that the CHP has approved the use of Applicant's vehicles for service.
8. Before beginning service to any airport, Applicant shall notify the airport's governing body. Applicant shall not operate into or on airport property unless such operations are authorized by the airport's governing body.

9. The CPCN to operate as PSC-14265, granted herein, expires unless exercised within 120 days after the effective date of this order.

10. The notice requirements of Rule 21 of the Commission's Rules of Practice and Procedure are waived as notice of the application has been served upon parties that may have an interest in this proceeding.

11. The Application, as amended, is granted as set forth above.

12. This proceeding is closed.

This order is effective today.

Dated July 20, 2006, at San Francisco, California.

MICHAEL R. PEEVEY
President
GEOFFREY F. BROWN
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
Commissioners

CERTIFICATE
OF
PUBLIC CONVENIENCE AND NECESSITY
AS A PASSENGER STAGE CORPORATION
PSC-14265

Showing passenger stage operative rights, restrictions,
limitations, exceptions, and privileges.

All changes and amendments as authorized by
the Public Utilities Commission of the State of California
will be made as revised pages or added original pages.

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SECTION I. GENERAL AUTHORIZATIONS, RESTRICTIONS,
LIMITATIONS, AND SPECIFICATIONS.

John A. Watts, an individual, by the certificate of public convenience and necessity granted by the decision noted in the foot of the margin, is authorized to transport passengers and their baggage on an "on-call" basis between the points described in Section II, over the routes described in Section III, subject, however, to the authority of this Commission to change or modify this authority at any time and subject to the following provisions:

- A. When a route description is given in one direction, it applies to operation in either direction unless otherwise indicated.
- B. The term "on-call," as used, refers to service which is authorized to be rendered dependent on the demands of passengers. The tariffs shall show the conditions under which each authorized on-call service will be provided, and shall include the description of the boundary of each fare zone, except when a single fare is charged to all points within a single incorporated city.
- C. No passengers shall be transported except those having a point of origin or destination as described in Section IIB.
- D. This certificate does not authorize the holder to conduct any operation on the property of any airport unless such operation is authorized by the airport authority involved.

SECTION II. SERVICE AREA.

- A. Points in the Counties of Los Angeles, Orange, and Riverside.
- B. Los Angeles International Airport (LAX).
John Wayne Airport (SNA).
Long Beach Airport (LGB).
Riverside Airport (RAL).

SECTION III. ROUTE DESCRIPTION.

Commencing from any point described in Section IIA, then over the most convenient streets and highways to any point described in Section IIB.